

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of)	
)	
Service Rules for the 698-746, 747-762)	
and 777-792 MHz Bands)	
)	
Revision of the Commission's Rules to)	WT Docket No. 06-150
Ensure)	
Compatibility with Enhanced 911)	
Emergency)	CC Docket No. 94-102
Calling Systems)	
)	
Section 68.4(a) of the Commission's Rules)	
Governing Hearing Aid-Compatible)	WT Docket No. 01-309
Telephones)	
)	
Biennial Regulatory Review – Amendment)	WT Docket No. 03-264
of Parts 1, 22, 24, 27, and 90 to Streamline)	
and Harmonize Various Rules Affecting)	
Wireless Radio Services)	
)	
Former Nextel Communications,)	WT Docket No. 06-169
Inc. Upper 700 MHz Guard Band)	
Licenses and Revisions to Part 27)	
of the Commission's Rules)	
)	
Implementing a Nationwide,)	PS Docket No. 06-229
Broadband, Interoperable Public)	
Safety Network in the 700 MHz)	
Band)	
)	WT Docket No. 96-86
Development of Operational, Technical		
and Spectrum Requirements for Meeting		
Federal, State and Local Public Safety		
Communications Requirements Through		
the Year 2010		

REPLY COMMENTS OF ALOHA PARTNERS, L.P.

Aloha Partners, L.P., pursuant to Commission's Order of May 29, 2007,¹ hereby submits its Reply Comments in the captioned proceeding.

I. DISCUSSION

A. Band Plans

If there is a single most important core issue in this proceeding, it is the spectrum band plans.

1. Lower 700 MHz Band

There was unanimous agreement among the commenters that the "A" and "B" Block market sizes were appropriate. Aloha and Frontline both urged the Commission should reconsider the "E" block configuration. Aloha requests that the Commission use EAs in Block "E". That will permit small companies, including Aloha, to purchase smaller areas for use of mobile TV. Aloha Comments, at 2. Given the Commission's recent ruling on power levels in the captioned proceedings, there are no market areas that are available for small companies to purchase that can be used for high powered Mobile TV. Allocating the "E" Block as EAs would still allow large carriers to focus on the large urban areas, but would also permit smaller carriers to focus on the secondary markets.

¹ Order, in DA 07-2226, released May 29, 2007 ("Order"). Pursuant to the Order, these Reply Comments are timely submitted.

2. Upper 700 MHz Band

The Upper 700 MHz band plan continues to be hotly debated. The vast majority of the commenters supported the Commission's Proposal # 2. However, several of the larger companies advocated Proposal #3. Aloha continues to believe that the band plan approach that the Commission used in Auction No. 66 was very successful. Aloha agrees with Spectrum Co's conclusion that Proposal # 2 "best satisfies the Commission's goals of adopting a true mix of geographic areas; facilitating auction participation by, and disseminating licenses among, a wide variety of bidders; and encouraging new entrants to deploy services". Spectrum Co. clearly demonstrated in Auction No. 66 that large companies do not need regional blocks or nationwide licenses to accumulate a nationwide footprint if a large company has the desire and resources to do so. Proposal # 2 best matches the Auction No. 66 approach. Aloha urges the Commission to adopt Upper Band Proposal # 2.

B. Combinatorial Bidding

The vast majority of commenters urged the Commission not to experiment with combinatorial bidding in the 700 MHz auction. Commenters properly noted that combinatorial bidding was a radical departure from the simultaneous multiple round ("SMR") auction techniques used so successfully in prior auctions, and that there was no clear need for combinatorial bidding and many potential risks. Verizon's declaration from Karen Wrege was of particular significance because of

her extensive experience in developing the Integrated Auction System for the Commission. Ms. Wrege's conclusion is unequivocal:

“Based on my experience with auction theory and design, I do not believe that it is feasible or wise for the FCC to proceed with combinatorial bidding for this auction.”

Ms. Wrege goes on to explain that the hybrid combinatorial approach that the Commission is proposing is not only untested, but also is inappropriate because “it applies a different set of auction bidding rules to licenses that are substitutes for bidders”. Aloha agrees with Verizon's position on this issue and urges the Commission not to use combinatorial bidding in the upcoming 700 MHz auction.

C. Blind Bidding

Once again, the vast majority of commenters opposed blinding bidding because it is untested and unnecessary. AT&T summed it up well: “Markets function more efficiently when maximum information is made available equally.” Aloha agrees with AT&T's position on this issue.

Alltel also opposed blind bidding indicating that “the open disclosure of bidding information, in addition to providing for transparency, has the advantage of allowing each bidder to revise its valuation forecasts based on information revealed in the auction”.

In addition, all of the small carriers were strongly opposed to blind bidding. The Rural Telecommunications Group (RTG) represents many rural carriers and characterizes the small carrier position well. “Absent information regarding the

identities of competing bidders, it is impossible for small carriers to make rational bidding decisions. Due to their heavy dependence upon roaming, rural carriers are uniquely dependent on knowledge of bidder identity in their neighboring markets in order to formulate a rational spectrum acquisition plan.” With the exception of just a handful of companies, all other commenters opposed blind bidding. It is rare when large carriers like AT&T, mid sized carriers like Alltel and small carriers represented by RTG can agree on controversial issues. However, blind bidding appears to be one of them. Aloha urges the Commission to eliminate blind bidding.

D. Build Out Requirements

In its comments, Aloha supported the use of geographic build out requirements and specific coverage tests. Aloha’s position was based on its understanding that carriers in small markets believed such a requirement to be helpful to serve rural areas. However, after reviewing the comments many of the small operators and rural carriers, Aloha has been persuaded that coverage requirements based upon population coverage may be the most appropriate standard to apply to rural markets for 700 MHz licenses. Many entities have commented that population based coverage has worked well for rural carriers in the past and should continue. Another carrier, AT&T, proposed a stricter standard: the population-based standards for 30 MHz PCS systems, i.e. one third of the population in five years and two-thirds within ten years. Aloha submits that, on balance, the AT&T proposal best serves the public interest, and that it should be

applied equally to rural and urban markets. In addition, a 5 year build out timetable was endorsed by the vast majority of commenters and should be adopted. Of those that focused on the start date of the build out, all agreed that it should begin when the DTV transition is complete.

II. CONCLUSION

The 700 MHz auction should be the Commission's finest hour. Establishment of band plans as set forth herein would be the single best way to assure that. The Commission should not risk such a positive outcome by introducing here combinatorial or open bidding, both of which are untried and unnecessary. Finally, the Commission should reconsider population based build out requirements for both rural and urban markets.

Respectfully Submitted By,

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